Credit Condition Survey

2013

Notes to readers

The Credit Condition Survey was conducted between January and March of 2014. The questions were fact-based and focused on financing sought by small enterprises (1 to 99 employees) during the 2013 calendar year.

A total of 2,545 small businesses completed the questionnaire, which included 25 questions. This is the second largest Canadian survey on small business financing. The margin of error is 1.9% for questions addressed to all respondents. R.A. Malatest & Associates administered the survey for Industry Canada.

The following tables present the key statistics from this survey.

Table 1: Request Rates, Approval Rates and Average Amounts Authorized, 2013

Type of Financing	Request Rate	Approval Rate*	Average Amount Authorized
Debt Financing	30	85	$280,000
Leasing	11	95	-
Equity Financing	4	-	-
Trade Credit	10	-	-

*A request that received either full approval or partial approval was considered "approved".

Table 2: Debt Financing (Long Term versus Short Term), 2013

Type of Debt	Request Rate	Approval Rate*	Average Interest Rate	% Collateral Required	Average Amount Authorized
Long Term**	14	84	5.0	74	$400,000
Short Term***	23	84	5.9	56	$220,000
Overall	30	84	5.6	60	$280,000

*A request that received either full approval or partial approval was considered "approved".

**Non-residential mortgages and term loans

***Business lines of credit and credit cards

Table 3: Debt Financing By Enterprise Characteristics, 2013

	Request Rate	Approval Rate*	Average Amount Authorized
Number of Employees			
1 to 4	24	81	$120,000
5 to 9	32	83	$180,000
10 to 19	35	86	$260,000
20 to 99	43	93	$680,000
Region			
Atlantic	28	89	$960,000
Quebec	27	87	$350,000
Ontario	29	80	$140,000
Manitoba-Saskatchewan	28	90	$270,000
Alberta	36	85	$400,000
British Columbia & Territories	36	86	$350,000
Industry			
Accommodation and Food	28	75	$170,000
Construction	40	88	$230,000
Manufacturing	37	89	$250,000
Agriculture and Fishing, Forestry, and Oil and Mining	42	93	$450,000
Professional Services	24	89	$240,000
Transportation/Warehousing	34	80	$350,000
Retail Trade	28	83	$190,000
Wholesale Trade	32	90	$330,000
Retail and Wholesale	31	83	$260,000
Age of Business			
3 years old or younger	40	83	$160,000
4 to 10 years old	35	82	$150,000
More than 10 years old	29	86	$330,000
Exporting Activities			
Exporter	36	90	$310,000
Non-exporter	30	84	$270,000
Innovation			
Product	42	82	$240,000
Process	38	80	$270,000
Organizational	46	83	$450,000
Marketing	38	81	$200,000
Innovator**	38	86	$270,000
Non-innovator	21	83	$270,000
Gender of Majority Owner			
Male	32	87	$350,000
Female	23	86	$60,000
Jointly owned	31	77	$190,000
Education Level of Majority Owner			
Less than high school	32	91	$140,000
High school diploma	31	79	$190,000
College/Cegep/Trade school diploma	31	86	$220,000
Bachelor Degree	30	85	$350,000
Masters Degree or above	26	91	$400,000
Experience Level of Majority Owner			
5 years or less	37	77	$350,000
6 to 10 years	36	85	$150,000
More than 10 years	29	85	$300,000
Age of Majority Owner			
Younger than 40 years old	36	87	$220,000
40 to 49 years old	33	80	$190,000
50 to 64 years old	29	89	$350,000
65 years old or older	24	78	$230,000

*A request that received either full approval or partial approval was considered "approved".

**A firm that developed or indtroduced a product, process, organizational or marketing innovation in the 2010 calendar year was considered an "innovator".

Table 4: Main Reason for Not Seeking Financing, 2013

Reason	%
Financing not needed	86
Unaware of financing sources	3
Thought the request would be turned down	3
Applying for financing too difficult	2
Cost of financing too high	2
Other reason	3

Table 5: Main Intended Use of Financing, 2013

Intended Use	%
Fixed asset	40
Working/Operational capital	49
Research and development	2
Debt Consolidation	5
Enter a new market	3
Other use	2

Table 6: Sale Destinations, 2013

Destination	%
Local municipality or region	75
Rest of province/territory	16
Rest of Canada	5
Rest of the world	4